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TAGS: [ECON](#) [PGOV](#) [SENV](#) [JA](#)
SUBJECT: JAPAN: ECONOMY, ENVIRONMENT, G8 PROMINENT IN PM
FUKUDA'S DIET SPEECH

REF: TOKYO 141

Summary

11. (SBU) Prime Minister Yasuo Fukuda launched Japan's 2008 spring Diet session January 18 with a policy speech focused on livelihood and environmental issues. Laying out five policy principles, Fukuda stressed a "people first" agenda, including creation of a new Minister for Consumer Affairs and renewed efforts to solve the country's pension problems. While generally complimenting Fukuda's emphasis on environmental issues, major dailies criticized the speech as lacking in vision. End summary.

Putting People First

12. (SBU) Prime Minister Fukuda put economic and livelihood issues front and center in his January 18 policy speech, which marked the opening of this year's spring Diet session. Looking at how Japan can deal with globalization, growing international competition, environmental degradation, an aging and graying society, and an austere fiscal situation, Fukuda noted Japan's postwar accomplishments and called on citizens to carve out a new future. He defined his cabinet's mission as tapping the vitality of the Japanese people to overcome the nation's challenges.

13. (SBU) PM Fukuda specified five principles to activate Japan's latent economic power and to spread the benefits of growth throughout society.

A) Shifting to "administrative and financial policies that put people first." Fukuda promised to create a new Minister for Consumer Affairs to champion people's priorities rather than those of producers and suppliers. Fukuda also promised better budget implementation, reform of independent administrative agencies, progress toward achieving a surplus in the primary fiscal balance by 2011, and maintenance of tax revenues earmarked for road construction -- all policies he described as aimed toward improving people's daily lives.

B) "Establishing a social security system and ensuring safety." In addition to explaining his government's efforts to resolve problems with the nation's pension system, PM Fukuda promised new family-friendly work and childcare policies, improvements to the healthcare system, and new disaster prevention measures.

C) Creating "an economic society with vitality." The Prime Minister outlined three priorities for the Council on Economic and Fiscal Policy: 1) acceleration of technological innovation; 2) increased internationalization of the economy, including early conclusion of the Doha WTO Round, trade agreements with Asia-Pacific partners, enhanced transparency, achieving a doubling of inward FDI, liberalization of aviation markets, and increased competitiveness of Japan's financial sector; and 3) measures to spread growth's benefits to Japan's outlying regions, as well as to small and medium-sized enterprises.

D) Making "Japan a Peace-Fostering Nation." Citing the centrality of the U.S.-Japan security alliance to Japan's

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foreign policy, PM Fukuda stated Japan will resume refueling activities in the Indian Ocean and continue reconstruction assistance to Afghanistan and Iraq. As host to this year's fourth Tokyo International Conference on African Development (TICAD IV) and the G8 Summit, Fukuda named poverty eradication and improvements in health and hygiene as humanitarian engagements Japan would undertake.

E) "Conversion to a low carbon society." Global environmental issues are "the most serious challenge to humankind in the twenty-first century," said PM Fukuda, adding that Japan should capitalize on its energy-saving technologies to set an international precedent. Fukuda set the following goals:

- Fulfilling Japan's Kyoto commitment to reduce greenhouse gases by six percent and revising Japan's Kyoto Achievement Plan in 2008 to include further industry efforts and household energy savings;

- Using the G8 presidency to lead international efforts to create a new, effective international policy framework, to include all major emitters, "with a view to attaining the long-term goal of halving emissions of greenhouse gases by 2050 in a manner compatible with economic growth";

- Establishing a financial mechanism that supports developing countries' efforts to cut greenhouse gases, as well as measures to counter environmental damage caused by climate change, including drought and floods;

- Formulating an "Environmental Energy Technology Revolution Plan" to foster mid- to long-term development of revolutionary technologies that would eliminate greenhouse gas emissions; and

- Designating ten model cities willing to adopt innovative technologies and policy measures, with the aim of drastically reducing greenhouse gas emissions in those areas.

Media Reaction

14. (SBU) Editorial reaction to Fukuda's speech was mixed.

Fukuda's "people first" consumer focus and emphasis on climate issues were well-received, but the speech was characterized as lacking leadership and a strong vision by major dailies such as the Yomiuri and Mainichi. Moreover, several papers criticized Fukuda for failing to reassure people in the face of rising economic anxieties and for skirting the tough questions of domestic economic reform that are key to raising Japan's productivity and global competitiveness.

Comment

15. (SBU) Fukuda's "people first" message is a sharp contrast to the foreign policy issues that dominated the previous Diet session. Polling has consistently shown pocketbook issues as Japanese voters' top concern and the new message is a clear counter to the themes the opposition Democratic Party of Japan has been hammering upon since their victory in July 2007's Upper House election.

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SCHIEFFER